

4Q08

IBM Income Statement

Jun-08

Forecast

Currency impact: 3%

	(Forecast)	4Q08 (\$ mill)	% of Total	Annual Change	4Q07 (\$ mill)	% of Total	4Q06 (\$ mill)	% of Total
Revenue (Gross Income):								
Hardware		7,136	22.5%	5.0%	6,796	23.5%	7,070	26.9%
Global Bus Services		5,525	17.4%	12.0%	4,933	17.1%	4,223	16.1%
Global Tech Services		11,197	35.3%	12.0%	9,997	34.6%	6,737	25.7%
Maintenance						0.0%	1,853	7.1%
Software		6,947	21.9%	11.0%	6,259	21.7%	5,607	21.4%
Other		254	0.8%	20.0%	212	0.7%	147	0.6%
Global Financing		<u>701</u>	<u>2.2%</u>	5.0%	<u>668</u>	<u>2.3%</u>	<u>620</u>	<u>2.4%</u>
Total	31,762	31,762	100.0%	10.0%	28,865	100.0%	26,257	100.0%
	<i>Currency adjusted</i>	30,809		6.7%				
Costs (e)								
	<i>GP Margin</i>							
Cost of Hardware	44.0%	3,996	12.6%	8.2%	3,694	12.8%	4,118	15.7%
Cost of Bus Services	23.5%	4,227	13.3%	11.4%	3,795	13.1%	3,180	12.1%
Cost of Tech Service	30.0%	7,838	24.7%	12.1%	6,989	24.2%	5,238	19.9%
Cost of Maintenance	38.0%						806	3.1%
Cost of Software	86.0%	973	3.1%	20.5%	807	2.8%	759	2.9%
Other	-10.0%	280	0.9%	13.8%	246	0.9%	157	0.6%
Global Financing	45.0%	386	1.2%	6.0%	364	1.3%	318	1.2%
Total Cost of Rev.		17,699	55.7%	11.3%	15,895	55.1%	14,576	55.5%
Gross Profit	14,063	14,063	44.3%	8.4%	12,970	44.9%	11,701	44.6%
SG&A Expenses		6,440	20.3%	7.0%	6,016	20.8%	5,620	21.4%
One-time Charges								
RD&E Expenses		<u>1,586</u>	<u>5.0%</u>	<u>0.0%</u>	<u>1,586</u>	<u>5.5%</u>	<u>1,587</u>	<u>6.0%</u>
Total Costs		25,724	81.0%	9.5%	23,497	81.4%	21,783	83.0%
Operating Income	6,038	6,038	19.0%	12.5%	5,368	18.6%	4,494	17.1%
Intellectual Property Income		-236	-0.7%	0.0%	-236	-0.8%	-241	-0.9%
Other Income		-98	-0.3%	0.0%	-98	-0.3%	-150	-0.6%
Interest Expenses		214	0.7%	0.0%	214	0.7%	71	0.3%
Earnings (Loss) Before Tax		6,158	19.4%	12.2%	5,488	19.0%	4,814	18.3%
Tax/Rate		1,724	28.0%	12.2%	1,537	28.0%	1,350	28.0%
Preferred Stock Div.								
Net Earnings		4,434	632.1%	12.2%	3,951	591.4%	3,464	558.8%
Disco'd Ops (loss); Acctng Chng							76	
Net Earnings	4,433	4,433	14.0%	12.2%	3,951	13.7%	3,541	13.5%
Shares # (basic)		1,328.6		-4.0%	1,384.0		1,507.3	
EPS (basic)	3.34	3.34		16.9%	2.85		2.35	

Source: Annex Research